

**SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION**

**S.F. No. 3506**

(SENATE AUTHORS: KLEIN)

DATE  
02/28/2022

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Introduction and first reading  
Referred to Education Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to education finance; modifying the state general tax; depositing state  
1.3 general tax receipts in an account in the special revenue fund; appropriating money  
1.4 to reduce the special education cross subsidy; amending Minnesota Statutes 2020,  
1.5 section 275.025, by adding a subdivision; Minnesota Statutes 2021 Supplement,  
1.6 section 275.025, subdivision 1; proposing coding for new law in Minnesota Statutes,  
1.7 chapter 125A.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. **[125A.81] STATE GENERAL LEVY PROCEEDS; APPORTIONMENT**  
1.10 **FOR CROSS SUBSIDY REDUCTION AID.**

1.11 The commissioner must apportion the amount appropriated from the state general levy  
1.12 account in the special revenue fund under section 275.025, subdivision 7, paragraph (b),  
1.13 for additional special education cross subsidy reduction aid. The additional special education  
1.14 cross subsidy reduction aid for each school district equals the ratio of the school district's  
1.15 initial special education cross subsidy in the prior fiscal year, as defined in section 125A.76,  
1.16 subdivision 1, to the total initial special education cross subsidy in the prior fiscal year for  
1.17 all districts. This appropriation is in addition to any other money appropriated for special  
1.18 education aid. One hundred percent of the aid under this section must be paid in the current  
1.19 year on a schedule to be determined by the commissioner.

1.20 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2024 and later.

2.1 Sec. 2. Minnesota Statutes 2021 Supplement, section 275.025, subdivision 1, is amended  
2.2 to read:

2.3 Subdivision 1. **Levy amount.** The state general levy is levied against  
2.4 commercial-industrial property and seasonal residential recreational property, as defined  
2.5 in this section. The state general levy for commercial-industrial property is ~~\$716,990,000~~  
2.6 \$480,450,000 for taxes payable in 2023 ~~and thereafter.~~ For taxes payable in 2024 and  
2.7 thereafter, the levy amount is increased each year by multiplying the levy amount for the  
2.8 prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator  
2.9 for government consumption expenditures and gross investment for state and local  
2.10 governments prepared by the Bureau of Economic Analysts of the United States Department  
2.11 of Commerce for the 12-month period ending March 31 of the year prior to the year the  
2.12 taxes are payable. The state general levy for seasonal-recreational property is \$41,690,000  
2.13 for taxes payable in 2020 and thereafter. The tax under this section is not treated as a local  
2.14 tax rate under section 469.177 and is not the levy of a governmental unit under chapters  
2.15 276A and 473F.

2.16 The commissioner shall increase or decrease the preliminary or final rate for a year as  
2.17 necessary to account for errors and tax base changes that affected a preliminary or final rate  
2.18 for either of the two preceding years. Adjustments are allowed to the extent that the necessary  
2.19 information is available to the commissioner at the time the rates for a year must be certified,  
2.20 and for the following reasons:

2.21 (1) an erroneous report of taxable value by a local official;

2.22 (2) an erroneous calculation by the commissioner; and

2.23 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
2.24 residential recreational property reported to the commissioner under section 270C.85,  
2.25 subdivision 2, clause (4), for the same year.

2.26 The commissioner may, but need not, make adjustments if the total difference in the tax  
2.27 levied for the year would be less than \$100,000.

2.28 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2023.

2.29 Sec. 3. Minnesota Statutes 2020, section 275.025, is amended by adding a subdivision to  
2.30 read:

2.31 Subd. 7. **State general levy account; appropriation.** (a) The state general levy account  
2.32 is established in the special revenue fund. Amounts received by the commissioner from the  
2.33 levy under this section must be credited to the state general levy account.

- 3.1 (b) The amount in the account is annually appropriated to the commissioner of education
- 3.2 for purposes authorized under chapter 125A.
- 3.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2023.